

## OFFICIAL TITLE AND SUMMARY ★ ★ ★

Prepared by the Attorney General

**POLITICAL CAMPAIGNS. PUBLIC FINANCING.  
CORPORATE TAX INCREASE. CAMPAIGN CONTRIBUTION AND  
EXPENDITURE LIMITS. INITIATIVE STATUTE.**

- Provides that candidates for state elective office meeting certain eligibility requirements, including collection of a specified number of \$5.00 contributions from voters, may voluntarily receive public campaign funding from Fair Political Practices Commission, in amounts varying by elective office and election type.
- Increases income tax rate on corporations and financial institutions by 0.2 percent to fund program.
- Imposes new limits on campaign contributions to state-office candidates and campaign committees, and new restrictions on contributions by lobbyists, state contractors.
- Limits certain contributions and expenditures by corporations.

**Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:**

- Increased revenues (primarily from increased taxes on corporations and financial institutions) totaling more than \$200 million annually. The funds would be spent on the public financing of political campaigns for state elected officials.

## ANALYSIS BY THE LEGISLATIVE ANALYST

**OVERVIEW OF THE MEASURE**

This proposition makes major changes to the way that political campaigns for state candidates and ballot measures are funded. Candidates could choose to receive public funding for the costs of their campaigns. For those candidates choosing not to receive public funding, existing limits on the amount of political donations (“contributions”) would be lowered. Figure 1 shows the main provisions of the measure, which are discussed in more detail below.

candidate is determined by state law. The limits were last changed when voters approved Proposition 34 at the November 2000 general election. Current limits on the amount of money that can be given depend on the office being sought and who is giving the donation. For instance, an individual can give a candidate for the state Assembly a donation of up to \$3,300. On the other hand, a political party can give that same candidate as much money as it chooses. A candidate can accept donations any time before an election and can spend without limit any money that is collected.

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**BACKGROUND**

***Current Limits on Political Contributions.*** Candidates for state offices collect private donations from individuals, corporations, political parties, and other organizations (such as labor unions and nonprofit organizations) to pay for the costs of their political campaigns. The maximum amount of money that each person or group can give to a

***Role of Committees and Independent Expenditures.*** Rather than make donations directly to candidates, some individuals and groups choose to make political donations to “committees.” These committees take donations and then decide which candidates to give money. For instance, one type of committee—a small contributor committee—accepts donations of up to \$200 from more than